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Ag Digest

Note to Survey Respondents: Results of many surveys we conduct throughout the year are included in this report! Most survey results are **not** published individually. **Thank you** for taking the time to complete our surveys!

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The Keystone Ag Digest may be found on the Internet at the following address:

http://www.nass.usda.gov/Statistics_by_State/Pennsylvania/Publications/Keystone_Ag_Digest/index.asp

August Yield Survey Results

The results of the August Yield Survey are contained on pages 2 and 3 of this release.

We wish to **thank** those farm operators who provided information for that report.

MILK PRODUCTION

Milk production in Pennsylvania during July 2006 totaled 888 million pounds, 0.4 percent below last July's production of 892 million pounds. The number of milk cows in the state during the month averaged 555,000 head, unchanged from June, and 6,000 head less than from July 2005. Production per cow averaged 1,600 pounds, down 20 pounds from June 2006, but 10 pounds above the July 2005 average.

Milk production in the 23 major States during July totaled 13.9 billion pounds, up 1.5 percent from July 2005. June revised production, at 14 billion pounds, was up 1.9 percent from June 2005. The June revision represented an increase of 6 million pounds from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,686 pounds for July, 3 pounds above July 2005. The number of milk cows on farms in the 23 major States was 8.26 million head, 107,000 head more than July 2005, but 11,000 head less than June 2006.

PRODUCTION OF SELECTED DAIRY PRODUCTS

Products	Jun 2005	May 2006	Jun 2006
000 Lbs.			
PENNSYLVANIA			
Butter	6,228	6,950	6,044
Ice Cream	4,575	3,136	3,336
UNITED STATES			
Butter	106,559	128,126	100,900
Cheese:			
American Types	321,389	346,512	337,472
Swiss	24,520	26,506	25,603
Brick and Muenster	6,588	9,246	9,378
Cream and Neufchatel	53,337	55,602	57,373
Mozzarella	255,540	267,474	261,760
Other Italian	63,509	68,103	63,427
Total Italian Types	319,049	335,577	325,187
All Other	25,487	24,062	24,265
Total	764,468	811,591	793,197
NF Dry Milk, Human	124,206	132,262	116,495
Yogurt, Plain & Flavored	263,178	267,283	272,495
000 Gal.			
FROZEN PRODUCTS:			
Ice Cream, Hard	91,190	82,128	88,167
Ice Cream, Lowfat	38,572	37,226	41,635
Ice Cream, Nonfat	1,923	1,486	1,403
Sherbet, Hard	5,825	4,791	5,123
Frozen Yogurt, Total	6,412	6,663	6,905
MIX FOR PRODUCTS:			
Ice Cream Mix	51,322	46,608	49,415
Ice Cream Mix, Lowfat	23,302	21,496	23,947
Ice Cream Mix, Nonfat	1,253	905	881
Sherbet Mix	4,237	3,386	3,664
Yogurt Mix	3,881	4,038	4,185

MILK COWS & MILK PRODUCTION

Item	Unit	Pennsylvania			23 States		
		Jul 2005	Jun 2006	Jul 2006	Jul 2005	Jun 2006	Jul 2006
Milk Cows	Thous.	561	555	555	8,151	8,269	8,258
Milk Per Cow	Lbs.	1,590	1,620	1,600	1,683	1,695	1,686
Milk Production	Mil. Lbs.	892	899	888	13,715	14,017	13,919

PENNSYLVANIA CROP FORECAST

Based on August 1, 2006 forecasts for yield and production, the Keystone state's farmers expect to produce more corn for grain, oats, barley, winter wheat, soybeans, alfalfa and other dry hay, burley tobacco, pears, and peaches than last year. Production is expected to be below last year for Southern Maryland and Pennsylvania Seedleaf type tobaccos, apples, and grapes.

Corn for grain acreage for harvest, at 940,000, is down 20,000 acres from last year. Based on crop conditions as of August 1, corn yield is forecast at 135 bushels per acre, which is 13 bushels per acre more than last year's yield. The corn for grain production of 126.9 million bushels is 8 percent more than last year.

Oats acreage for harvest, at 110,000, is unchanged from last year. Based on crop conditions as of August 1, the oat yield is forecast at 62 bushels per acre, which is up 2 bushels from the July 1 forecast and up 7 bushels from last year's final yield. The resulting oat production of 6.82 million bushels would be 13 percent above last year. Barley acreage for harvest, at 48,000, is 1,000 acres more than 2005. Barley yield is forecast at 75 bushels per acre, up 1 bushel per acre from the July 1 forecast, and up 3 bushels from a year ago. Barley production is expected to be 3.60 million bushels, 6 percent above last year's production. Winter wheat acres harvested totaled 150,000, which is 3 percent more than last year. The August 1 winter wheat yield is forecast at 57 bushels per acre, up 6 bushels per acre from the July 1 forecast and up 3 bushels from the final yield for 2005. The resulting winter wheat production of 8.55 million bushels would be 9 percent above last year.

Soybean acreage for harvest is set at 450,000, up 30,000 acres from last year. The expected yield of 42 bushels per acre is up 1 bushel from 2005. Production is set at 18.9 million bushels, up 10 percent from last year.

Alfalfa acreage harvested for dry hay is estimated at 520,000, up 10,000 acres from 2005. As of August 1, yield is forecast at 3.20 tons per acre, up 0.6 ton per acre from last year. The resulting production, at 1.7 million tons, is 25 percent more than last year. All other hay acres harvested for dry hay is estimated at 1,130,000, up 40,000 acres from last year. The expected yield as of August 1 of 2.10 tons per acre is up 0.2 ton per acre from 2005. Total production, at 2.37 million tons, is 15 percent more than 2005.

Light air-cured burley tobacco acres for harvest are estimated at 5,500. This is up 3,300 acres from the 2,200 acres of burley tobacco harvested last year. The yield for burley tobacco is forecast at 2,200 pounds per acre, unchanged from a year ago. Southern Maryland-type tobacco acres for harvest are estimated at 1,100, down 400 acres from last year. The yield is forecast at 2,100 pounds, which is up 100 pounds from the 2,000 pounds per acre produced in 2005. Production is estimated at 2.31 million pounds, which is 23 percent less than 2005. Pennsylvania seed-leaf tobacco acreage, estimated at 1,300, is unchanged from last year. The forecast yield of 2,150 pounds is 50 pounds below 2005. Production, at 2.80 million pounds, is 2 percent less than last year.

Based on August 1 conditions, the state's apple crop is expected to total 450 million pounds, down 13 percent from last year's 515 million pounds. Pear production, at 5,200 tons, is up 148 percent from last year. Grape production of 78,000 tons is down 13 percent from a year earlier. Peach production is forecast at 28,500 tons, up 7 percent from last year's production.



U.S. CROP FORECAST

Corn production is forecast at 11.0 billion bushels, down 1 percent from last year, and 7 percent below 2004. Based on conditions as of August 1, yields are expected to average 152.2 bushels per acre, up 4.3 bushels from last year. If realized, the yield would be the second highest and production would be the third largest on record. Forecast yields across the Great Plains and western Corn Belt are at or below last year as scarce precipitation and above normal temperatures depleted soil moisture levels and caused crop conditions to decline. Expected yields are generally higher than last year in the eastern corn Belt and Ohio Valley as frequent rainfall and near normal temperatures throughout much of the growing season helped maintain adequate moisture.

Soybean production is forecast at 2.93 billion bushels, down 5 percent from 2005, and down 6 percent from 2004. Based on August 1 conditions, yields are expected to average 39.6 bushels per acre, down 3.7 bushels from the record high U.S. yield set last year. Yields are lower than 2005 throughout the Great Plains, the western Corn Belt, and the Gulf Coast states, while yields are expected to remain unchanged or increase in the Ohio Valley, Arkansas, Missouri, and the Atlantic Coast states. Area for harvest, at 73.9 million acres, remains unchanged from June, but is up 4 percent from 2005.

The final winter wheat production forecast is 1.28 billion bushels, up slightly from last month, but 14 percent below 2005. Area harvested for grain totals 31.1 million acres, unchanged from last month, but down 8 percent from last year. The U.S. yield is forecast at 41.2 bushels per acre, up 0.1 bushels from July 1.

Oat production for the 2006 crop year is forecast at 107 million bushels, 3 percent below the July 1 forecast, and 6 percent below last year's 115 million bushels. If realized, this would be the lowest production on record. The forecasted yield is 56.3 bushels per acre, down 1.6 bushels from July 1, and down 6.7 bushels from 2005. Growers expect to harvest 1.91 million acres for grain, up 5 percent from last year.

Barley production for 2006 is forecast at 183 million bushels, 14 percent below 2005, four percent below the July 1 forecast, and the lowest production since 1936. Based on August 1 conditions, producers expect to harvest an average of 61.2 bushels per acre, down 3.6 bushels from last year and 2.2 bushels below last month. Area harvested, at 2.99 million acres, is down 9 percent from 2005 and the lowest since 1885.

Production of alfalfa and alfalfa mixtures for dry hay is forecast at 71.2 million tons, down 6 percent from last year. Yields are expected to average 3.18 tons per acre, down 0.20 ton from 2005. Harvested area is 22.4 million acres, unchanged from June, but up fractionally from last year.

Production forecast of all other dry hay for 2006 is 71.1 million tons, down 5 percent from 2005. Based on August 1 conditions, yields are expected to average 1.77 tons per acre, down 0.14 ton from last year. If realized, the yield would be the lowest since 1990. Harvested area, at 40.3 million acres, is unchanged from June, but up 3 percent from the previous year.

All tobacco production for 2006 is forecast at 745 million pounds, up 15 percent from 2005 when acreage and production decreased significantly due to the tobacco buyout. However, production is still 15 percent below 2004 when tobacco quotas were in place. Area for harvest is forecast at 334,480 acres, 12 percent above last year. Yields for 2006 are expected to average 2,228 pounds per acre, 57 pounds greater than 2005.

The nation's apple production is forecast at 9.62 billion pounds, down 2 percent from last year, and 8 percent below 2004. Peach crop forecast is estimated at 1.05 million tons, down less than 1 percent from the July forecast and 11 percent below 2005. All pear production for 2006 is forecast at 835,310 tons, up 1 percent from last year, but 5 percent below 2004. Grape production is forecast at 6.72 million tons, down 14 percent from 2005, but 8 percent above the 2004 season.

CROP PROSPECTS - AUGUST, 2006 WITH COMPARISONS

Crop	Year	Pennsylvania				United States				Unit
		Acreage (000)		Production		Acreage (000)		Production		
		Planted	Harvested	Per Acre	(000)	Planted	Harvested	Per Acre	(000)	
Corn	2005	1,350	960 ¹	122.0	117,120	81,759	75,107 ¹	147.9	11,112,072	Bu.
	2006	1,350	940 ¹	135.0	126,900	79,366	72,091 ¹	152.2	10,975,740	Bu.
Wheat, Winter.....	2005	150	145	54.0	7,830	40,433	33,794	44.4	1,499,129	Bu.
	2006	160	150	57.0	8,550	41,393	31,108	41.2	1,283,134	Bu.
Oats	2005	140	110	55.0	6,050	4,246	1,823	63.0	114,878	Bu.
	2006	135	110	62.0	6,820	4,312	1,907	56.3	107,423	Bu.
Barley	2005	55	47	72.0	3,384	3,875	3,269	64.8	211,896	Bu.
	2006	55	48	75.0	3,600	3,496	2,990	61.2	182,972	Bu.
Soybeans	2005	430	420	41.0	17,220	72,142	71,361	43.3	3,086,432	Bu.
	2006	460	450	42.0	18,900	74,930	73,935	39.6	2,927,634	Bu.
Hay, Dry Alfalfa	2005	-	510	2.60	1,326	-	22,389	3.38	75,771	Ton
	2006	-	520	3.20	1,664	-	22,407	3.18	71,205	Ton
Hay, Dry Other	2005	-	1,090	1.90	2,071	-	39,260	1.91	74,819	Ton
	2006	-	1,130	2.10	2,373	-	40,290	1.77	71,121	Ton
Tobacco, All.....	2005	-	5.0	2,140	10,700	-	298.1	2,171	647,278	Lbs.
	2006	-	7.9	2,178	17,205	-	334.5	2,228	745,294	Lbs.
Potatoes, Fall	2005	11.5	11.0	250	2,750	968.6	949.5	401	381,026	Lbs.
	2006	11.0	10.8	²	²	990.5	974.4	²	²	Lbs.

¹ Harvested for grain, remainder of planted acres for silage and other uses. ² Not available until November.

FRUIT FORECAST

Pennsylvania's fruit production is expected to vary based on crop, variety, and location.

Apples: Pennsylvania's production is forecast at 450 million pounds, down 13 percent from last year's crop, but up 11 percent from 2004. According to apple producers, Pennsylvania apples are looking good. They expect fair to good yields and report, as of August 1, receiving adequate rainfall for sizing. Disease has been average this season, while insect pressure has been reported as higher. The York harvest is anticipated to be lower while the Fuji and Red Delicious crop is expected to be larger. Growers are currently harvesting Ginger Gold, Rambo, and Paula Red. The first U.S. forecast of the 2006 season is 9.62 billion pounds, down 2 percent from last year and 8 percent lower than the 2004 crop.

Grapes: Pennsylvania's production forecast is 78,000 tons, down 13 percent from last year and down 10 percent from 2004. Growers in Erie County, Pennsylvania's largest grape producing county, report that the crop was affected by frosts in late May. Some growers are reporting a total loss while others are reporting a full crop. Vineyards further away from Lake Erie were the hardest hit. Growers are reporting average insect pressure and very high disease pressure. Wine grape growers throughout the Commonwealth anticipate harvesting a very good crop of grapes. Hot, dry conditions of late are conducive to a good crop. U.S. grape production is forecast at 6.72 million tons, down 14 percent from 2005 but 8 percent higher than 2004.

Peaches: Pennsylvania peach producers expect to harvest 28,500 tons of peaches from their orchards in 2006. This estimate is down 1,000 tons from the July 1 forecast. Most growers reported a good peach crop with average to large size and excellent flavor. Quality is reported as being very good except in a few cases where hail from a early July storm damaged fruit. Approximately 30 percent of the PA crop was harvested as of August 1. Growers are currently harvesting Sun High, Loring, White

Lade, and Red Haven. The U.S. peach production forecast is 1.1 million tons, 11 percent below 2005.

Pears: The Pennsylvania crop is forecast at 5,200 tons, up 148 percent from the frost damaged crop of 2005 and up 16 percent from 2004. If realized this crop will be the largest in the last 10 years. U.S. pear production is forecast at 835,310 tons, up 1 percent from last year but down 5 percent from 2004.

AUGUST 1, 2006 FRUIT FORECASTS WITH COMPARISONS

Crop	Year	Production	
		Pennsylvania	United States
Million Pounds			
Apples	2004	405.0	10,440.6
	2005	515.0	9,864.9
	2006	450.0	9,619.7
Tons			
Peaches.....	2004	23,000	1,307,110
	2005	26,600	1,184,550
	2006	28,500	1,053,800
Pears	2004	4,500	878,260
	2005	2,100	825,325
	2006	5,200	835,310
Grapes.....	2004	86,800	6,240,030
	2005	90,000	7,828,700
	2006	78,000	6,717,000

AGRICULTURAL LAND VALUES HIGHLIGHTS

Farm real estate values, a measurement of the value of all land and buildings on farms, averaged \$1,900 per acre on January 1, 2006, up 15 percent from 2005. The \$1,900 per acre is a record high and \$250 more than a year earlier.

Cropland and pasture values rose by 13 and 22 percent, respectively, since January 1, 2005. Cropland values averaged \$2,390 per acre and pasture values averaged \$1,000 per acre on January 1, 2006, compared with \$2,110 and \$820 per acre, respectively, a year earlier.

The increase in farm real estate values continues to be driven by a combination of mostly nonagricultural factors, including relative low interest rates and strong demand for nonagricultural land uses. Demand for farm real estate as an investment continues to be a strong market influence.



AGRICULTURAL CASH RENTS HIGHLIGHTS

Nationally, cash rents per acre paid to landlords for cropland rose 1.3 percent while pasture rents increased 4.9 percent for the 2006 crop and grazing year. Cropland cash rents paid in 2006 averaged \$79.00 per acre, compared with \$78.00 per acre for 2005. Pasture cash rents averaged \$10.80 per acre, 50 cents higher than 2005. The increases in cropland and pasture rental rates continue to reflect producers' optimism following the combination of high production and price levels of major U.S. agricultural commodities in 2005.

PA & SELECTED STATES: AVERAGE VALUE PER ACRE OF LAND & BUILDINGS, AVERAGE CASH RENT PER ACRE, 2006

State	Farmland ¹	Cropland	Pasture
	Avg Value Per Acre	Rent Per Acre	Rent Per Acre
<i>Dollars</i>			
Northeast:			
Maryland.....	8,900	62.00	--
New Jersey.....	10,900	47.50	--
New York.....	2,050	39.00	--
Pennsylvania	4,790	46.50	25.00
Lake States:			
Michigan	3,500	65.00	--
Minnesota.....	2,400	88.00	19.00
Wisconsin.....	3,200	71.00	38.00
Corn Belt:			
Illinois	3,800	132.00	34.00
Indiana.....	3,630	111.00	--
Iowa.....	2,930	133.00	38.00
Ohio.....	3,480	86.00	--
Northern Plains:			
Kansas	930	44.00	13.70
Nebraska	1,090	101.00	12.50
North Dakota	560	39.00	11.30
Appalachian:			
Kentucky.....	2,750	78.00	--
North Carolina	4,250	52.00	25.00
Tennessee.....	3,070	68.00	20.00
Virginia	4,900	39.00	20.00
West Virginia	2,150	30.00	--

¹ Average value per acre of land and buildings. ² Insufficient information.

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